



The Real Estate ANALYST

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1945

Roy Wenzlick
Editor

VOLUME XIV

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies...Surveys...Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

REGIONAL DIFFERENCES

ALMOST all fields of human activity fluctuate more or less directly with the variations in income. It has been proven that retail sales increase or decrease with marked regularity and by definite percentages as the disposable income of the United States goes up or down.

The fifty charts on pages 140 to 143 in this report show the income per family in each of the 48 States and the District of Columbia, and the average for the United States for each year from 1929 through 1943.

The charts are based on figures compiled by the Department of Commerce. The computations on a family basis are our own. We have adjusted the figures for Washington, D. C., to compensate for the large number of Washington employees living in Maryland and Virginia. We have made similar adjustments to the New York State figures for the number of New York City employees living in New Jersey.

On each of these charts we have distinguished four types of family income: 1. That received from salaries and wages, including the pay of persons in the armed services. 2. Proprietors' income. 3. Property income, which includes dividends, interest and net rents and royalties. 4. Other income, which includes direct relief, pensions, compensation for injuries, social insurance benefits, and allowances and allotments paid to dependents of military personnel.

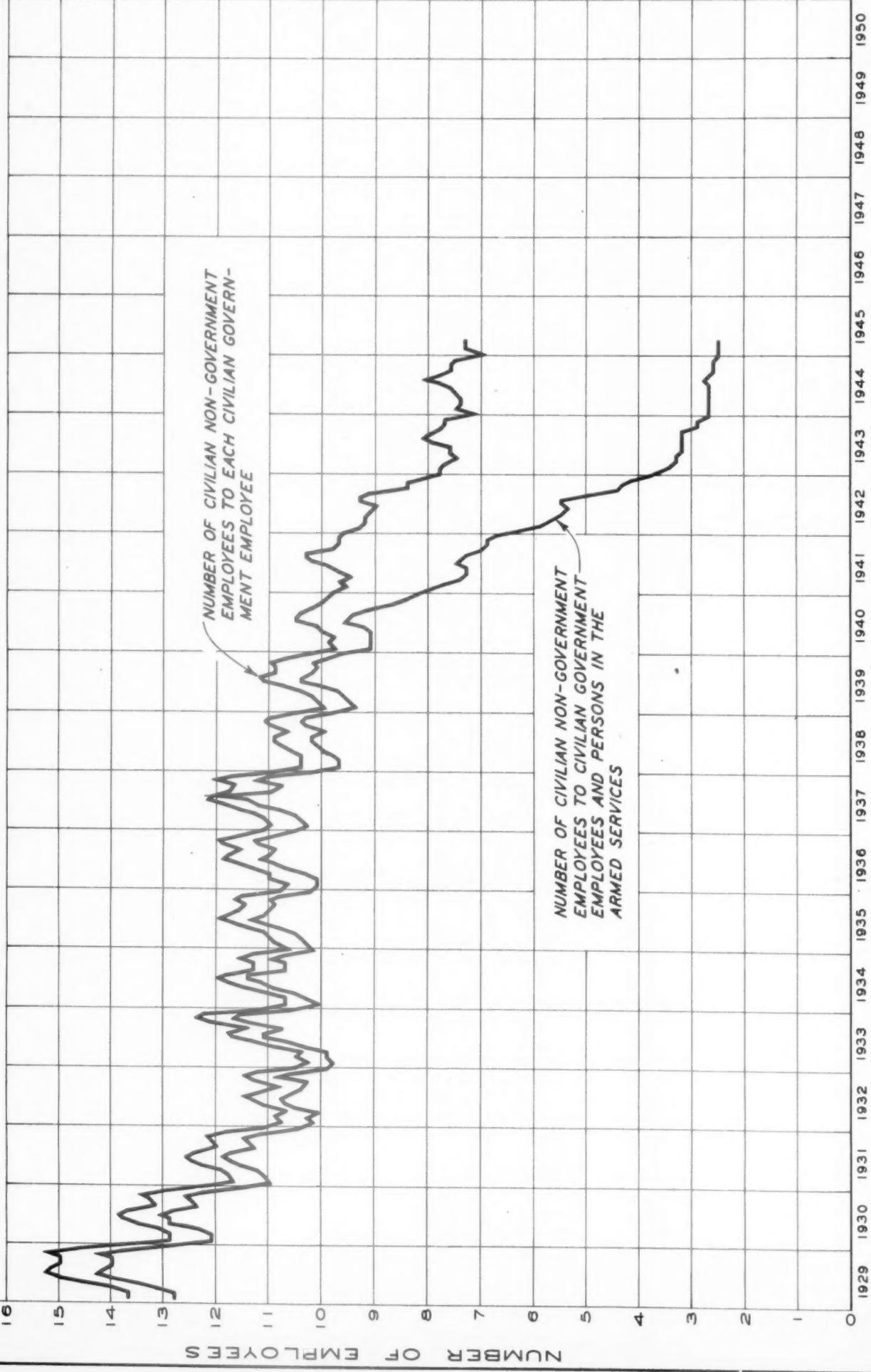
The variations in average income per family are quite wide from State to State. The highest income per family is earned in Connecticut, with the District of Columbia second, and New York third. Connecticut also has the highest income per family earned in salaries and wages, with \$4000 as the figure. The lowest income per family was in Mississippi. In Arkansas, however, the average salary or wage income is lower than in Mississippi, being slightly less than \$1000 per family per year.

It is unfortunate that figures on income are not available by cities, but no attempt has ever been made to determine income for this small an area. Lacking city figures, State figures are more reliable than national figures because of the large variation in various parts of the United States.

The wide variation in many figures on real estate values, rents, real estate taxes, etc., are at least partially explained by the variations in income. A city in a State with a high family income can afford to carry, for instance, a heavier real estate tax load per family.

THE LOAD WHICH PRIVATE ENTERPRISE IS CARRYING

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WE VIEW WITH ALARM

A bachelor in Boston was asked why he didn't marry and he said that he would if he could figure out how to support a wife and the government on his income. The chart on the opposite page shows the increasing burden being carried by private enterprise in the United States. The red line on this chart shows the number of civilian employees to each government employee from 1929 to the last figures available. It will be noticed that in 1929 15½ civilian employees were carrying one government employee. At the present time 7½ civilian employees are carrying one government employee.

These figures include all government employees, Federal, State and local, with the exception of those in the armed forces. The effect of adding the number of persons in the armed forces to the load civilians are carrying is shown by the blue line, and there it will be seen that while in 1929 13½ civilian employees carried each government employee or person in the armed services, now each 2½ civilian employees are carrying one government employee or one person in the armed services.

The military load insofar as individuals go will be lightened as men are discharged from service and will shrink materially after the end of the war with Japan. The shrinkage in nonmilitary government personnel, however, is apt to be far less and much slower. It has been said that the nearest thing to immortality is a government bureau.

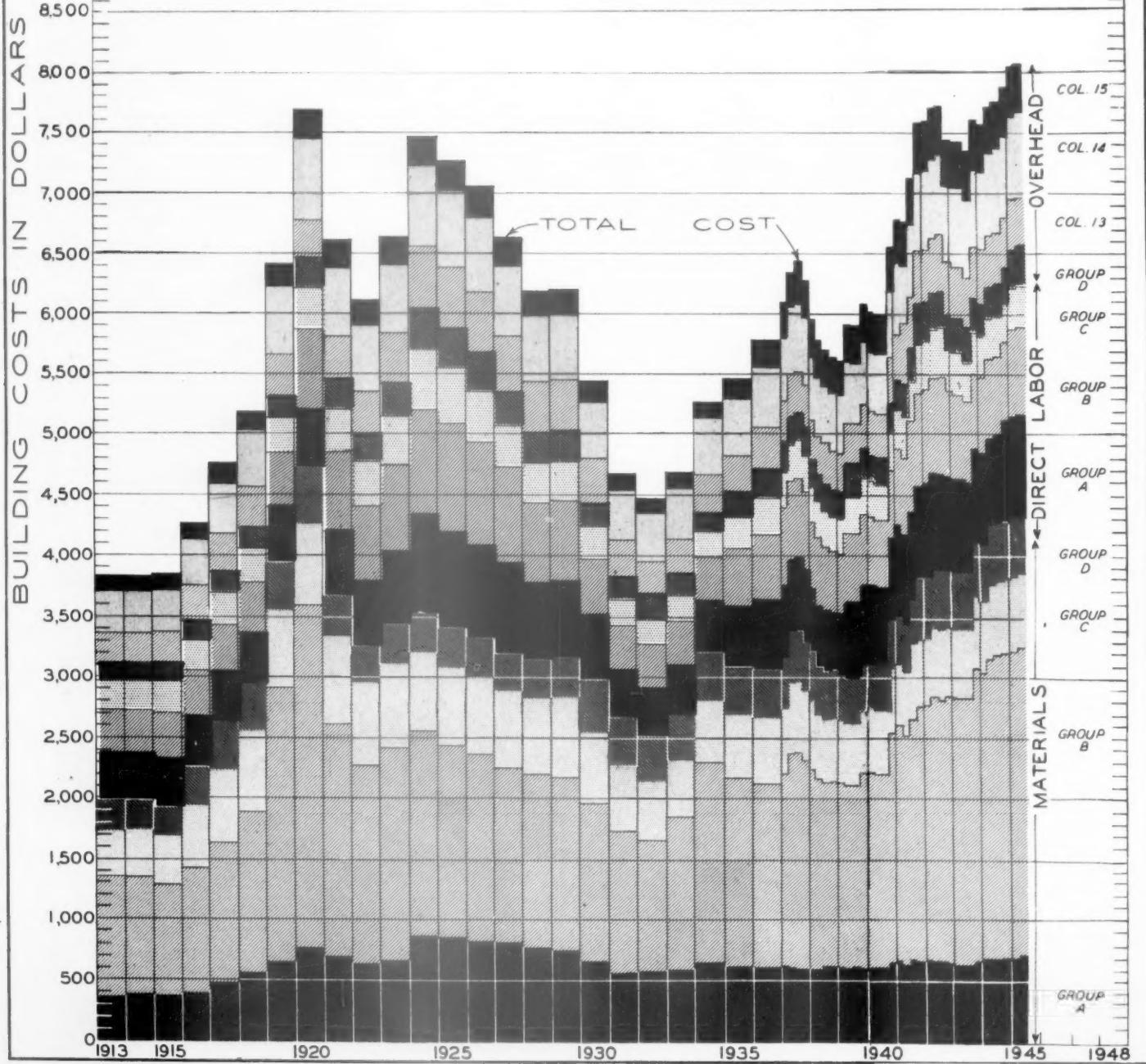
In addition to the load shown on these charts in the post-war period private industry must pay the interest on a Federal debt which now amounts to \$6500 per family, must carry all government and private pensions, and must take care of unemployment and social security taxes. It will probably also be saddled with a part of the cost of re-establishing economic activity in Europe.

A planned economy cannot operate in the beginning without a large group of planners. These planners are generally men activated by the highest of motives and with a desire to increase the standards of living of the nation. As the plans start to take shape, however, a large executive force is required to put them into attempted operation. Next, it becomes necessary to employ an ever-increasing enforcement group to compel compliance. By this time the enforcement of the original plan has created numerous other maladjustments which require the extension of the planned zone to many other fields and in each of these fields again an organization must be set up to implement the planning and to enforce the decisions of the experts.

The higher standards of living enjoyed in the United States are due to the greater productive capacity of this country, built up by private enterprise in a competitive economy. No other system has ever been able to duplicate the results we have attained in this fashion. Business is so varied and so complicated that no central planning group can compete in efficiency with decisions based on the judgment of individuals close to each particular problem. We started leaving the private enterprise system, however, in 1933 and during the war the trend has been much accelerated.

This nation went to war theoretically with the totalitarian ideology, where government planning had been carried to its logical conclusion. At the
(cont. on page 147)

BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS



BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN SAINT LOUIS

Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are indicated by the letter M; corresponding labor items, in red by the letter L.

⁴No labor items are shown in Column 10, Building Hardware, as they have already been included in Column 5, Millwork.

Group A

(1) Masonry: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining.

(2) Tile Work: $4\frac{1}{2}$ x $4\frac{1}{2}$ wall tile, ceramic floor tile, cap and base.

Group B

(3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc.

(4) Finished Lumber: Sub-flooring, sheathing, bevelled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters, etc.

(5) Millwork: Windows, doors, trim, kitchen cabinet, stairs.

Group C

(6) Heating: Boiler, insulating jackets, fittings, tools, pipes, con-

nctions, valves and radiation.

(7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures; hot water heater and tank to be furnished by others.

Group D

(8) Sheet Metal: Galv. iron (present) gutters, downspouts, flashing.

(9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included.

(10) Nails and Hardware: Common and wire nails, bolts, damper, ash doors, finish hardware.

(11) Painting: White lead, linseed oil, turpentine.

(12) Miscellaneous: Metal and wood laths, corner bead, insulation.

Total Material and Labor Costs

Group E

(13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.

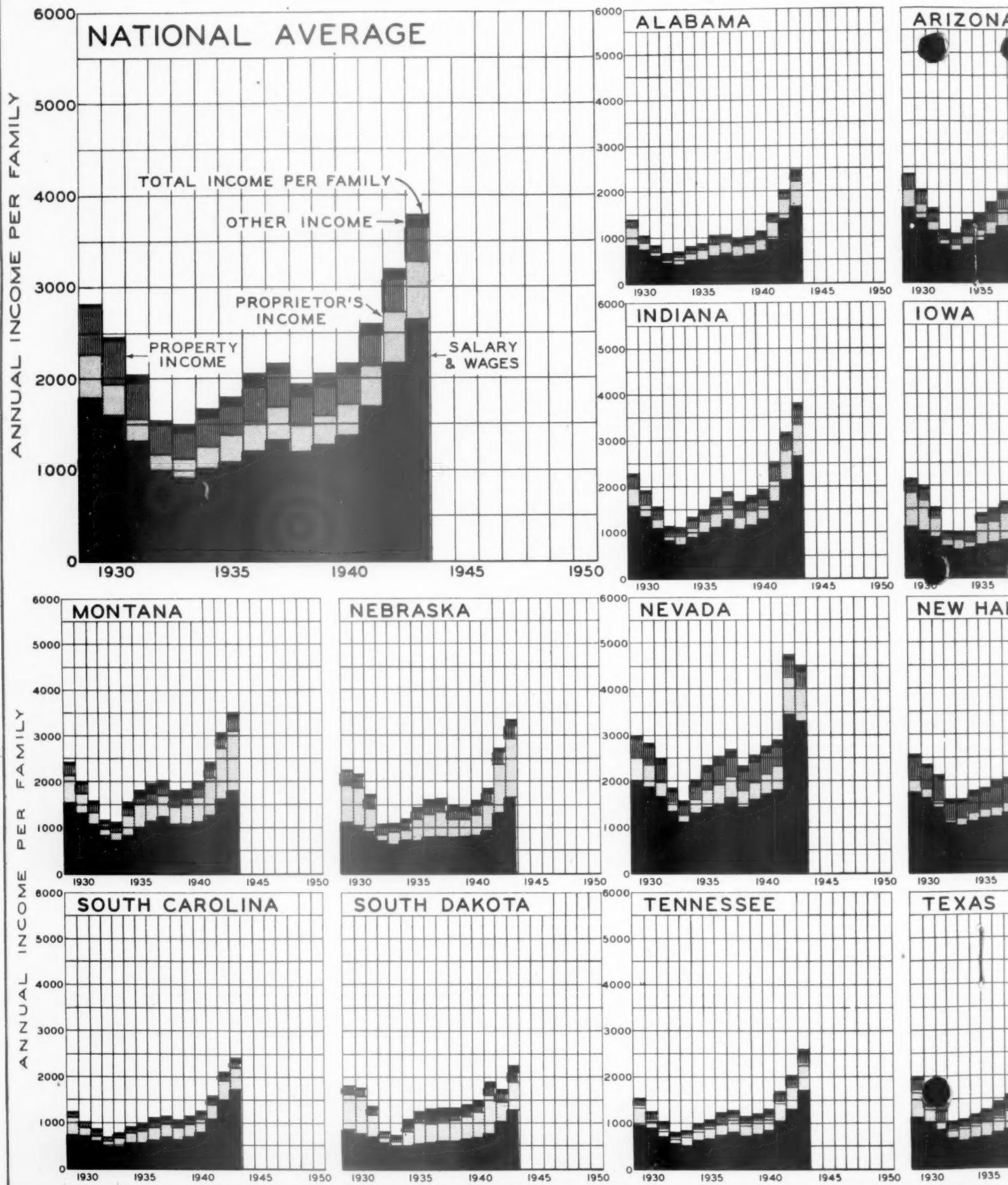
(14) General contractor's profit.

(15) Missouri sales tax (now 2% on materials), old age and unemployment tax (federal and state), liability and employees' compensation insurance, fire and tornado insurance, completion bond.

(16) Total overhead, profit and other costs.

TOTAL CONSTRUCTION COST

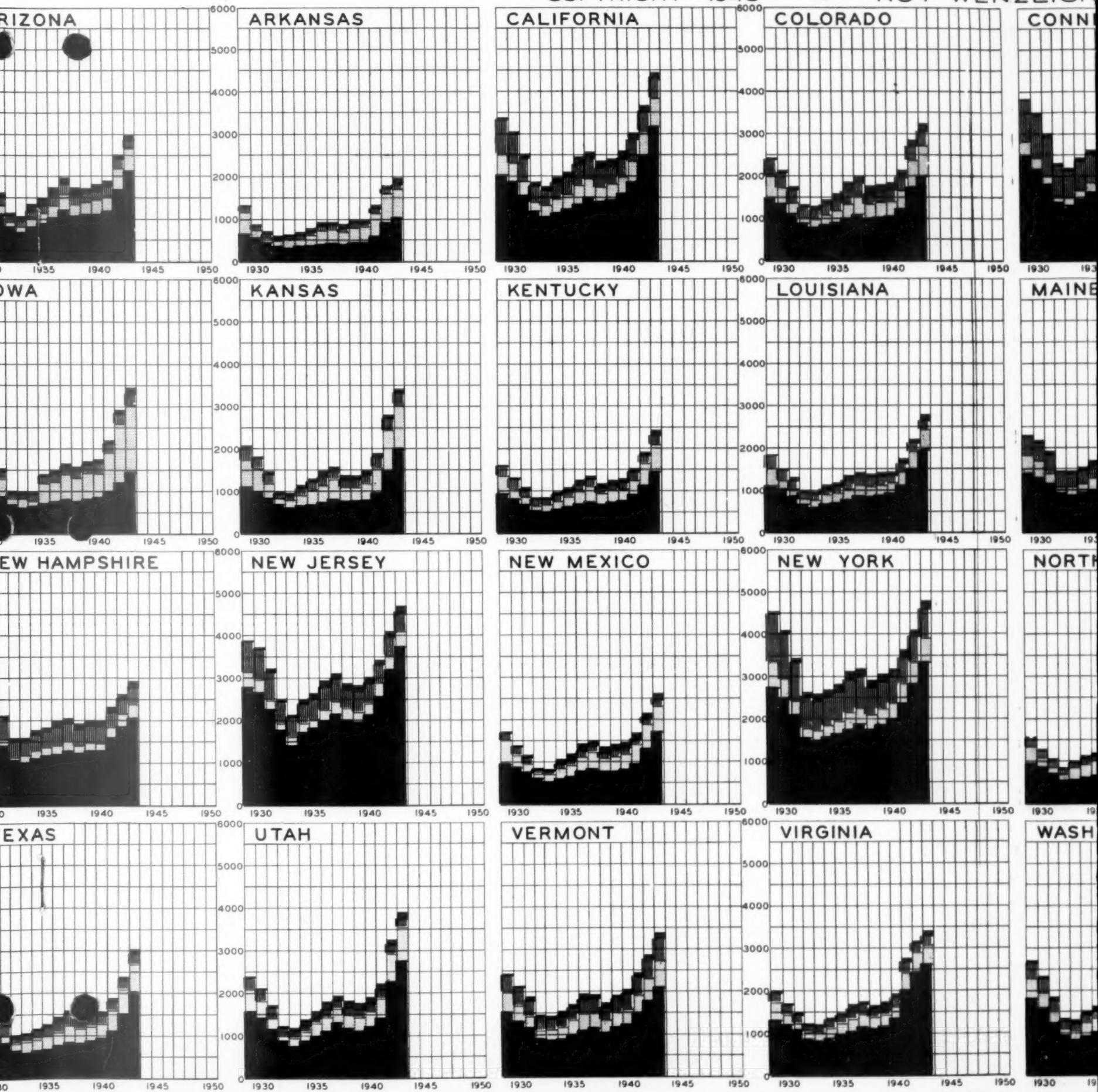
YEAR	GROUP A		GROUP B		GROUP C		GROUP D		GROUP E		TOTAL																			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Total	(13)	(14)	(15)	(16)													
1912	\$343	\$388	\$24	\$13	\$218	\$101	\$428	\$134	\$350	\$121	\$152	\$136	\$231	\$110	65	\$12	\$36	\$45	\$59	\$16	64	\$51	\$18	\$1973	\$1146	\$248	\$337	\$132	\$717	\$3836
1914	362	388	24	13	212	101	415	134	349	121	147	136	248	110	59	12	32	45	59	16	64	50	18	1973	1146	248	337	132	717	3836
1915	360	388	24	13	189	108	373	145	329	131	152	144	249	116	68	12	38	52	64	17	69	48	19	1911	1197	257	337	135	729	3837
1916	366	396	24	13	224	108	438	145	363	131	203	144	309	116	101	12	55	52	86	22	69	59	19	2250	1205	295	375	142	812	4267
1917	456	413	25	14	258	109	500	146	396	132	244	152	359	122	108	12	59	54	110	26	69	62	19	2610	1242	325	418	152	895	4747
1918	539	421	25	15	292	118	570	158	449	143	322	152	359	124	95	14	52	54	118	30	75	73	21	2924	1295	346	457	163	966	5185
1919	624	553	25	15	519	128	1008	170	729	154	290	160	349	130	83	15	45	57	113	31	81	112	23	3928	1386	342	566	187	1095	6409
1920	742	643	28	17	607	183	1189	243	1030	220	305	184	372	150	83	21	46	66	143	36	116	132	32	4713	1695	366	677	227	1270	7678
1921	674	501	25	18	479	188	920	250	506	225	273	192	460	156	64	22	35	59	94	30	119	104	33	3664	1773	372	581	215	1168	6605
1922	609	506	25	18	362	174	703	232	571	209	258	204	433	166	64	20	35	73	79	28	111	81	31	3248	1744	370	536	205	1111	6103
1923	633	576	25	21	410	200	793	268	551	242	267	227	430	184	70	23	38	81	94	28	128	90	36	3429	1986	407	582	228	1217	6632
1924	618	703	25	18	401	246	779	328	492	296	274	277	388	224	64	28	35	100	97	35	156	87	44	3521	2510	527	656	274	1457	7488
1925	606	684	25	18	375	251	732	335	472	302	273	255	381	207	68	29	37	92	89	37	159	83	45	3404	2467	508	638	267	1413	7284
1926	566	653	25	18	379	240	732	320	432	288	264	244	381	197	69	27	37	87	86	36	152	83	43	3216	2359	499	617	254	1370	7045
1927	565	621	25	18	354	228	715	304	358	275	251	184	395	159	67	26	37	66	84	33	145	80	41	3190	2157	469	582	237	1288	6635
1928	563	541	208	97	406	184	644	244	377	220	261	184	382	151	71	21	39	66	85	31	116	74	32	3141	1856	438	544	213	1195	6192
1929	565	541	185	97	360	184	687	244	384	220	270	184	385	151	72	21	45	66	89	33	116	71	32	3156	1856	438	545	213	1196	6208
1930	474	422	185	97	340	135	655	181	312	164	251	140	341	114	71	15	39	50	72	33	87	211	24	2984	1429	380	479	175	1034	5447
1931	411	342	155	57	313	108	594	145	254	131	226	112	322	91	58	12	32	40	61	31	70	198	39	2655	1147	217	412	146	875	4677
1932	438	342	139	51	268	108	532	145	269	131	210	112	286	91	50	12	28	40	60	28	70	199	39	2507	1141	295	395	142	832	4480
1933	457	342	190	51	355	108	562	145	344	131	298	112	270	91	52	12	28	40	54	26	70	214	39	2700	1141	291	413	146	850	4691
1934	540	342	122	51	439	108	713	145	494	131	234	112	279	91	55	12	30	46	63	20	70	222	39	3217	1141	299	466	154	919	5277
1935	508	422	111	67	399	135	638	181	523	163	236	140	292	114	43	14	24	50	62	26	87	229	47	3091	1422	309	481	174	955	5468
1936	506	490	111	67	364	159	655	209	494	188	255	160	301	131	50	19	28	57	59	27	98	221	53	3071	1631	344	505	239	1088	5790
1937	503	512	111	67	395	186	742	245	578	221	247	160	326	141	54	22	29	57	64	31	104	226	53	3306	1768	363	544	310	1217	6291
1938	508	425	103	67	350	157	647	204	571	179	241	160	297	134	47	19	26	57	66	28	88	222	42	3106	1532	333	494	306	1133	5771
1939	513	425	103	77	360	159	660	211	513	190	299	160	277	133	49	19	27	57	64	29	109	192	56	3026	1696	344	505	325	1172	5894
Ja 1940	510	538	103	77	374	158	679	215	567	195	236	160	282	131	58	11	32	57	65	30	93	193	61	3129	1702	352	516	327	1195	6026
Ap 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3108	1702	352	516	327	1195	6005
Jl 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3108	1702	352	516	327	1195	6005
O 1940	510	542	145	86	494	162	763	218	628	197	254	160	294	161	63	17	31	57	66	32	93	203	75	3482	1768	385	564	351	1300	6551
Ja 1941	515	640	145	86	493	182	808	243	645	219	242	160	266	161	62	19	28	56	67	32	104	203	78	3507	1950	380	585	375	1340	6797
Ap 1941	487	639	159	86	463	182	771	243	633	219	251	180	274	149	62	19	28	63	69	33	131	202	79	3432	1990	396	581	376	1353	6775
Jl 1941	510	650	159	86	520	202	802	279	625	250	180	274	149	69	20	27	63	72	34	131	220	79	3562	2108	396	613	397	1406	7140	
O 1941	514	678	159	86	544	226	861	303	689	274	262	200	289	187	106	29	34</													



AVERAGE INCOME PER FAMILY

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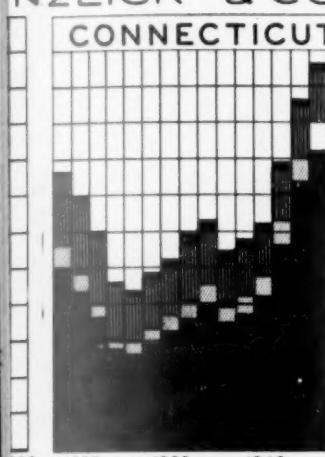


WILY BY STATES 1929 - 1943

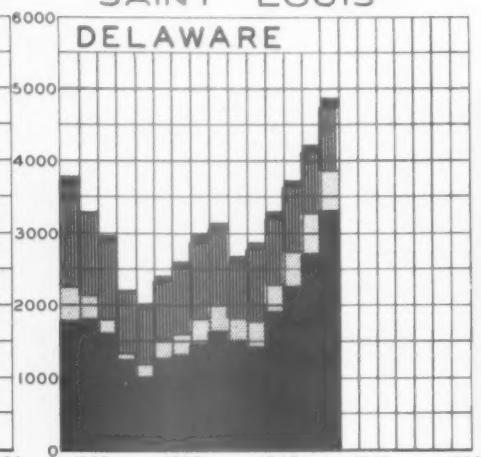
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SAINT LOUIS

CONNECTICUT



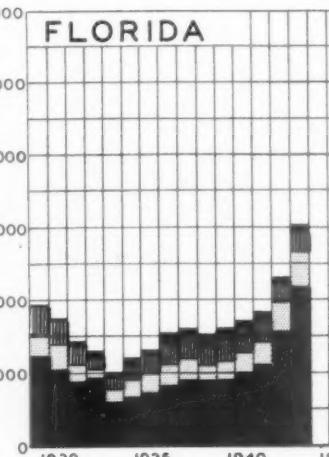
DELAWARE



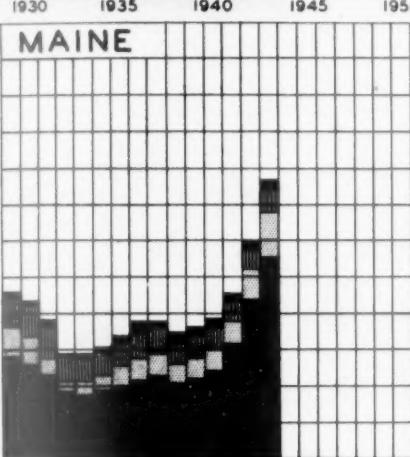
DISTRICT OF COLUMBIA



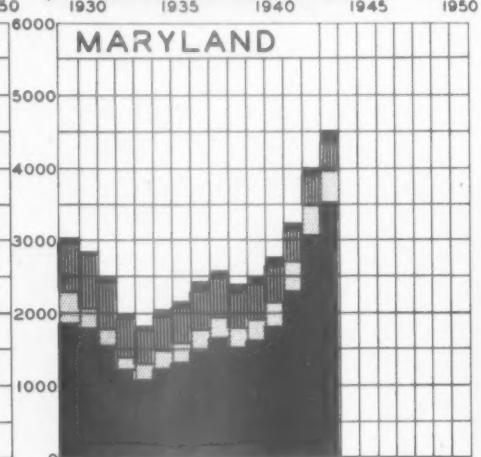
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MAINE



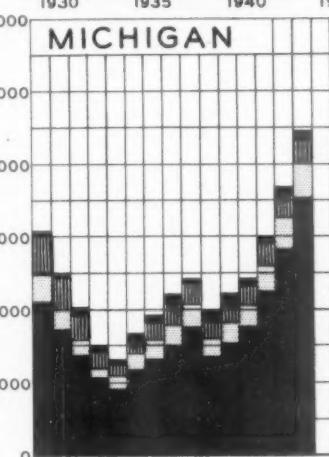
MARYLAND



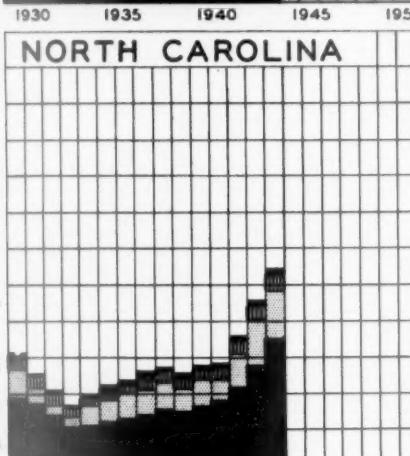
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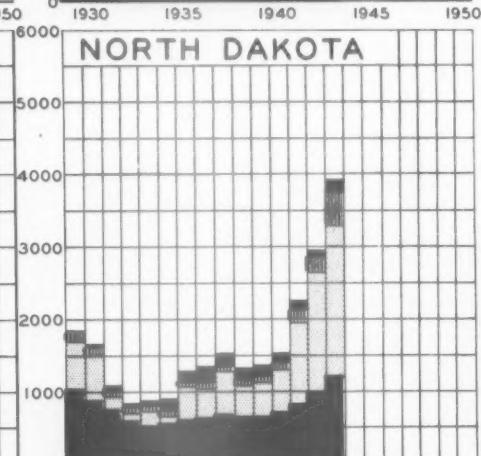
MICHIGAN



NORTH CAROLINA



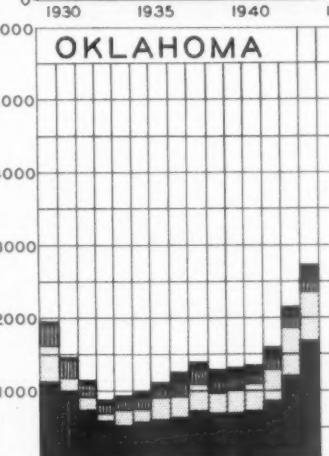
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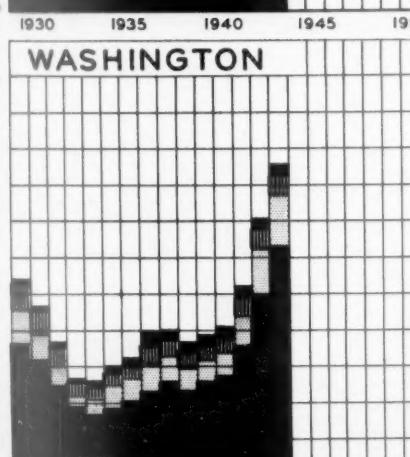
OHIO



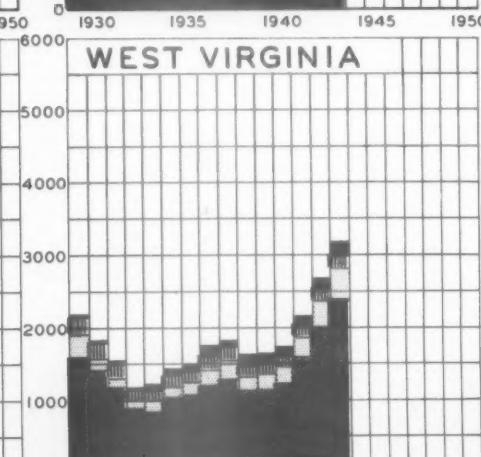
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WASHINGTON



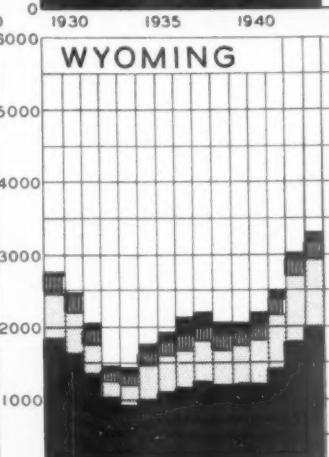
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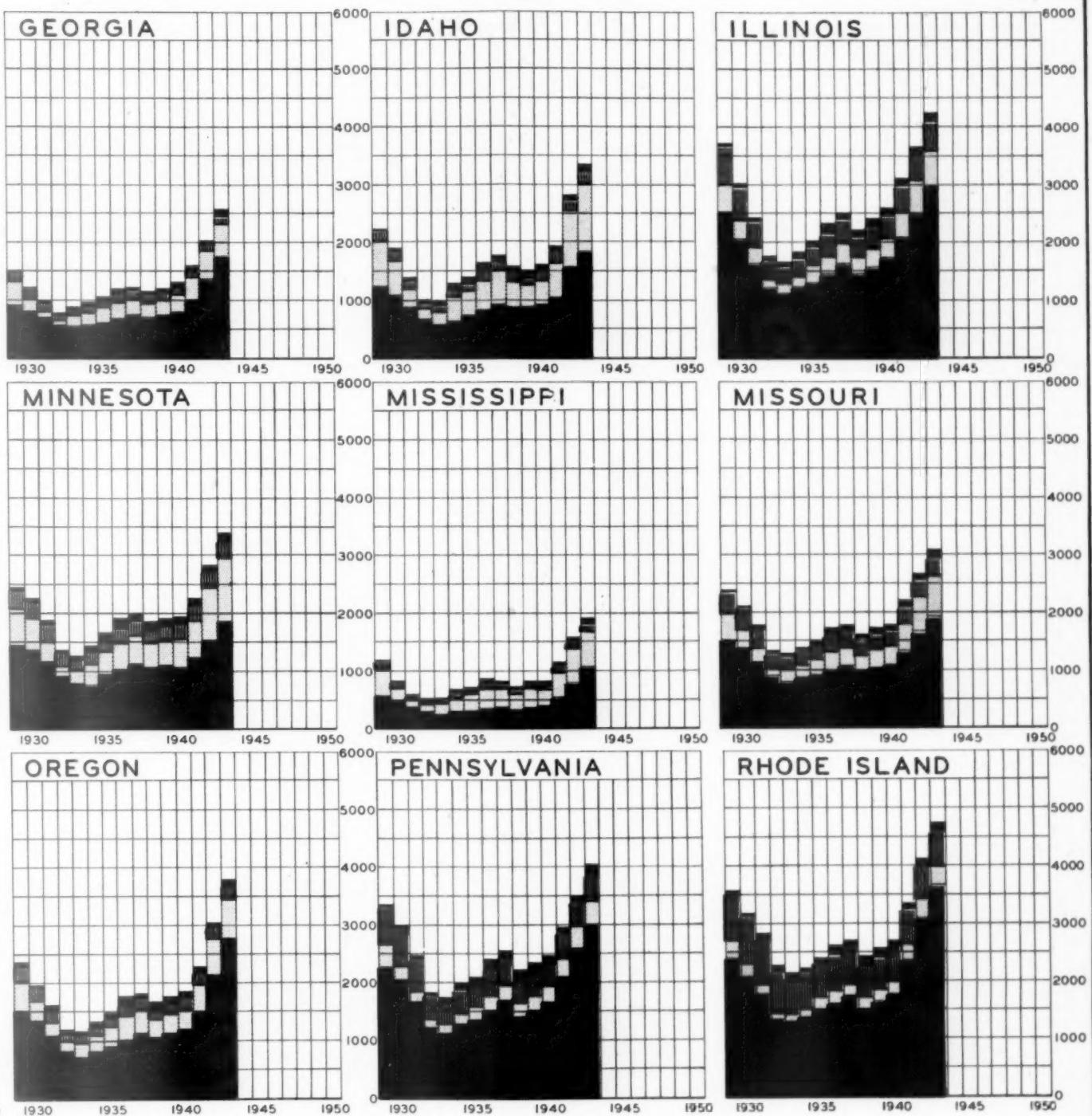


WISCONSIN

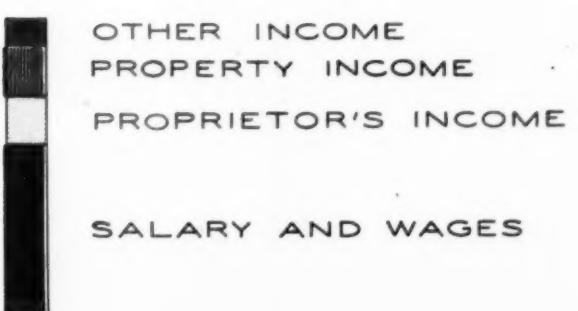


WYOMING





LEGEND



PERCENTAGE OF NEW FARM MORTGAGES MADE BY PRINCIPAL LENDING GROUPS

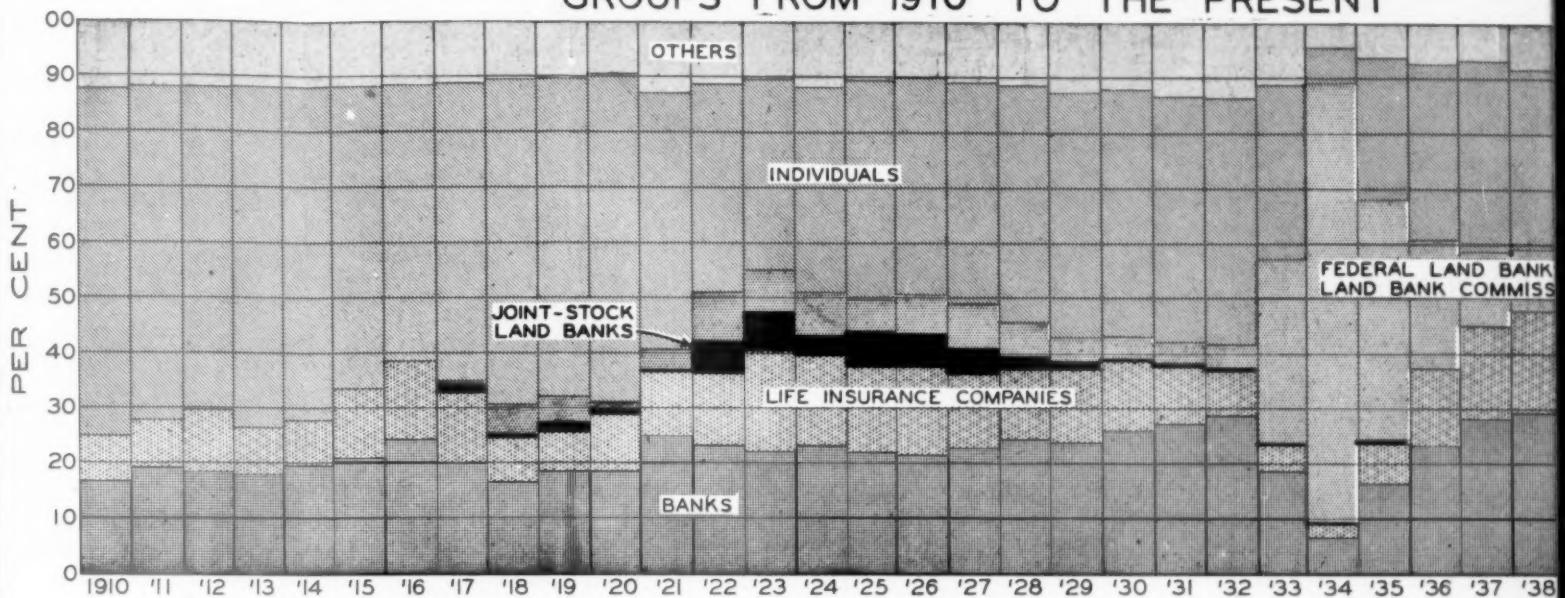
	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921
Banks	16.5	19.2	18.3	17.8	19.6	21.0	20.0	16.3	18.4	18.3	25.2	
Insurance Companies	8.4	9.0	11.4	8.7	8.6	12.4	14.3	12.9	8.3	10.7	11.5	
Joint Stock Land Banks												
Federal Land Banks & Land Bank Commissioner												
Individuals	62.9	59.9	58.4	61.7	60.0	54.9	50.0	58.8	4.7	1.7	3.8	
Others	12.2	11.9	11.9	11.8	11.8	11.7	11.5	11.3	10.4	57.6	59.3	46.5
										10.2	9.5	12.8
1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	
Banks	23.0	22.0	23.0	21.8	21.3	22.4	23.9	23.4	25.8	27.2	28.7	18.5
Insurance Companies	13.5	18.4	16.7	16.0	16.5	14.2	13.4	13.9	12.9	10.6	8.2	5.1
Joint Stock Land Banks	5.7	7.0	3.5	6.1	5.8	4.5	2.2	1.1	0.4	0.4	0.5	0.4
Federal Land Banks & Land Bank Commissioner	9.0	7.7	7.8	5.6	6.8	7.8	6.2	4.5	4.0	4.1	4.1	33.3
Individuals	37.5	34.5	37.2	39.9	39.4	40.3	42.9	44.4	44.9	44.6	45.0	31.4
Others	11.3	10.4	11.8	10.6	10.2	10.8	11.4	12.7	12.0	13.3	13.5	11.3
1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944*		
Banks	6.4	16.3	23.2	28.1	29.0	29.9	28.4	26.6	25.0	25.4	25.8	
Insurance Companies	2.6	7.5	14.4	16.9	19.0	18.9	18.9	19.2	20.3	18.2	18.7	
Joint Stock Land Banks	0.2	0.7	0.7	13.5	11.1	10.8	13.0	12.2	10.7	10.0	10.2	
Federal Land Banks & Land Bank Commissioner	73.7	43.7	31.8	34.7	32.4	31.1	29.2	32.7	32.3	38.3	38.3	
Individuals	12.6	25.4	7.5	6.8	8.5	9.3	10.5	12.3	11.4	8.1	7.0	
Others	4.5	6.4	7.5									

* Preliminary in 1944

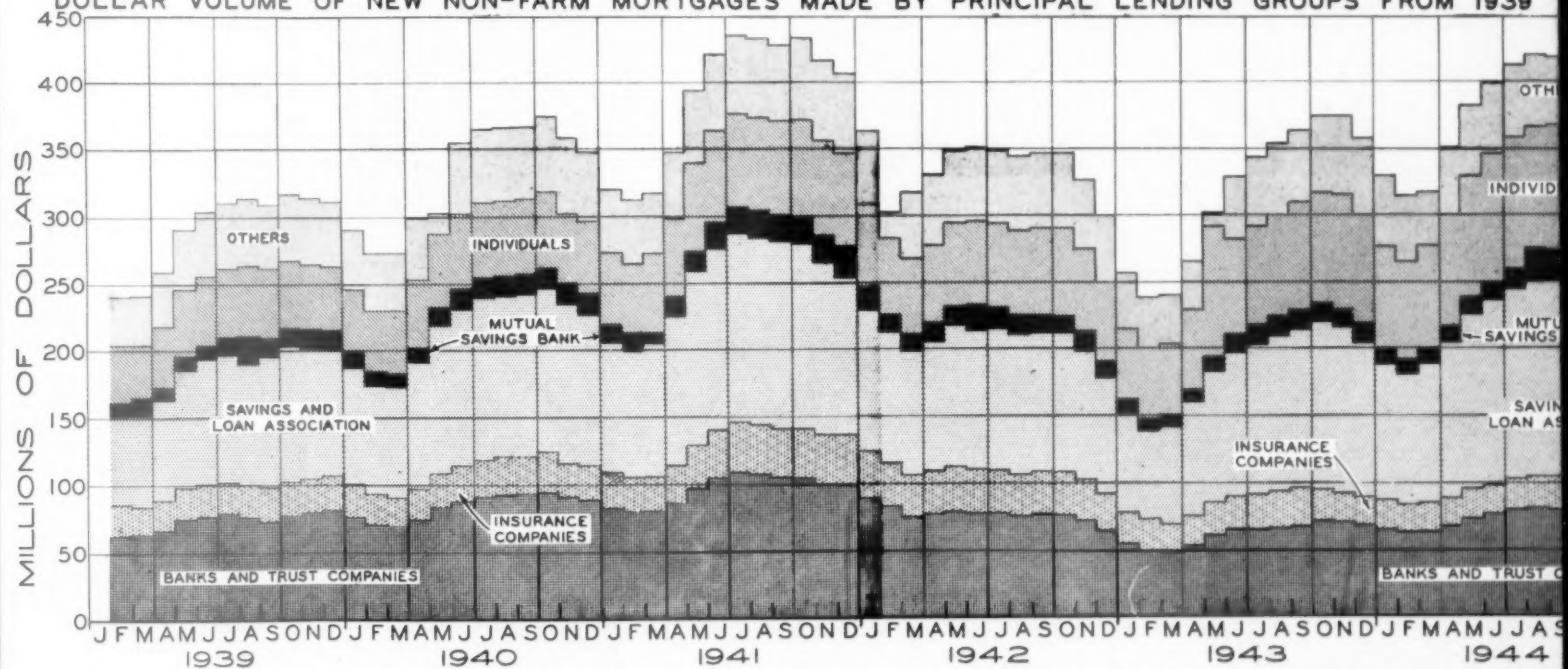
PERCENTAGE OF NEW NON-FARM MORTGAGES MADE BY PRINCIPAL LENDING GROUPS

	1939	1940	1941	1942	1943	1944	1945	
	Jan.	Apr.	July	Oct.	Jan.	Apr.	July	
Banks & Trust Companies	26.9	25.3	24.1	25.7	25.3	24.6	23.7	
Insurance Companies	8.3	7.9	7.9	8.4	8.3	8.4	8.9	
Savings & Loan Assns.	26.5	30.2	30.8	28.4	32.5	32.2	31.0	
Mutual Savings Banks	3.5	3.5	4.7	4.0	3.9	4.2	4.2	
Individuals	19.6	17.7	17.0	15.6	18.3	15.2	17.5	
Others	15.2	15.4	15.5	15.6	14.7	14.6	14.0	
1943	Jan.	Apr.	July	Oct.	Jan.	Apr.	July	Oct.
Banks & Trust Companies	21.3	20.5	18.4	19.4	20.6	19.6	19.7	18.0
Insurance Companies	8.7	8.0	7.3	6.5	6.8	5.3	6.0	5.0
Savings & Loan Assns.	28.4	32.7	33.1	31.8	29.8	34.5	33.7	31.0
Mutual Savings Banks	3.5	3.6	4.4	3.9	3.2	3.4	3.7	4.0
Individuals	22.2	21.3	22.3	22.6	24.0	24.2	23.9	28.0
Others	15.9	13.9	14.5	15.8	15.6	13.0	13.0	14.0

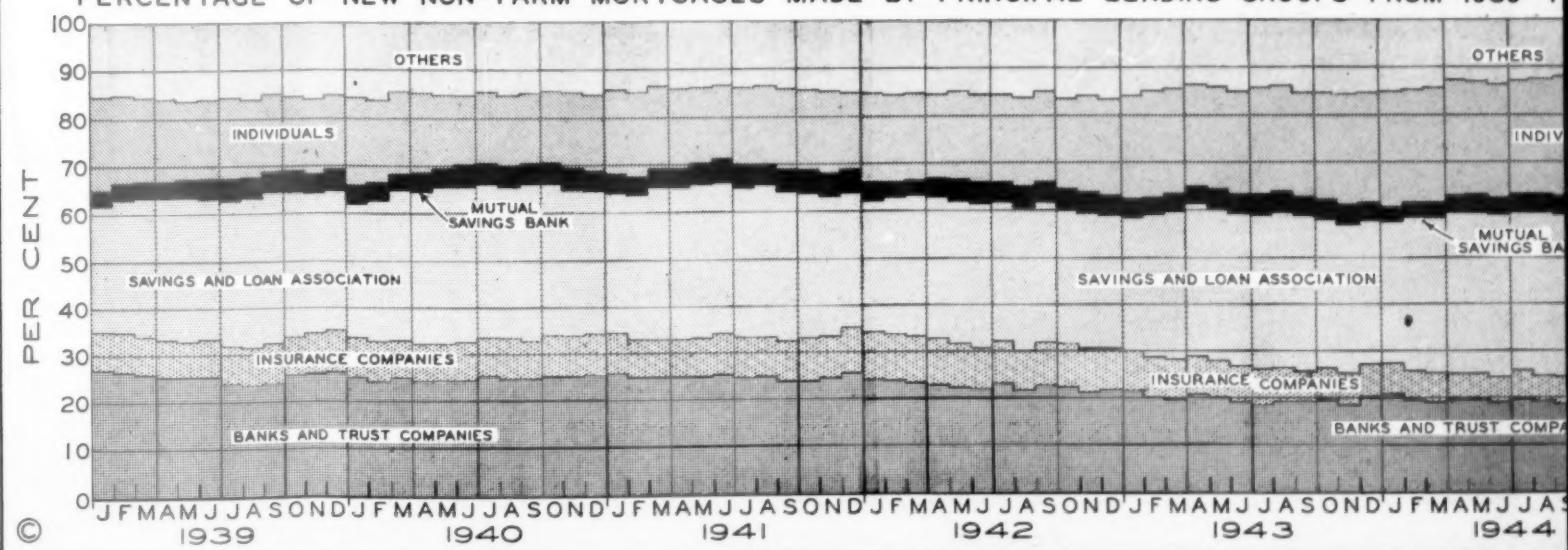
PERCENTAGE OF NEW FARM MORTGAGES MADE BY PRINCIPAL GROUPS FROM 1910 TO THE PRESENT



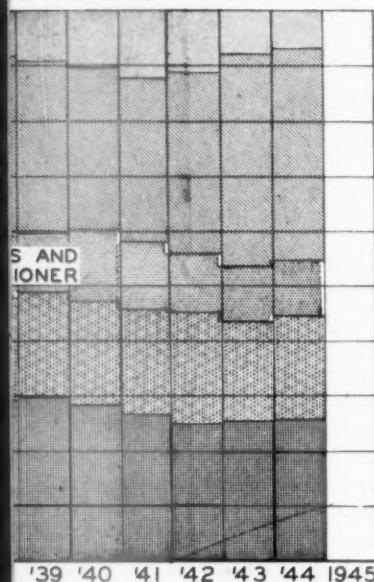
DOLLAR VOLUME OF NEW NON-FARM MORTGAGES MADE BY PRINCIPAL LENDING GROUPS FROM 1939



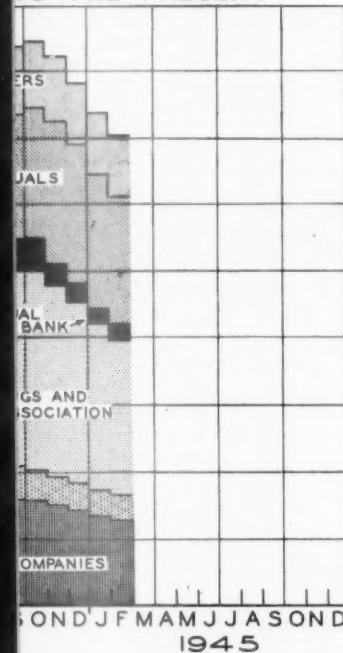
PERCENTAGE OF NEW NON-FARM MORTGAGES MADE BY PRINCIPAL LENDING GROUPS FROM 1939 TO 1944



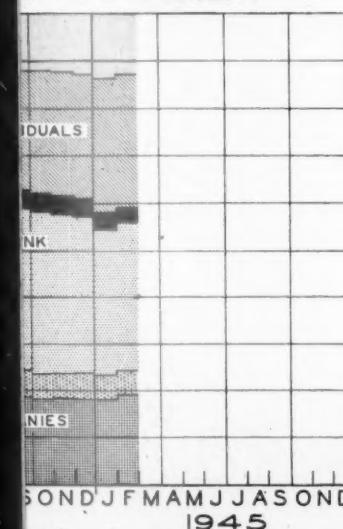
LENDING



TO THE PRESENT



TO THE PRESENT



WHO LENDS MONEY ON REAL ESTATE ?

THE charts to the left show the changes which have come about in mortgage lending on farms from 1910 to the present and on nonfarm properties from 1939 to the present.

Over the long period the greatest change which has come about in the source of mortgage money for farms has been the decrease in the activity of individual lenders. In 1910, as shown on the top chart, they accounted for about 62 per cent of all mortgages. By 1934 individual loans accounted for less than 7 per cent of all mortgages, but since that time the percentage of all mortgages made by individuals has been increasing again until in 1944 it amounted to approximately 39 per cent.

Since 1939 the percentage of mortgage loans made by banks has been shrinking, while the percentage made by life insurance companies has shown practically no change. The Federal Land Banks and the Land Bank Commissioner in 1934 accounted for almost 80 per cent of all loans made. Now this classification accounts for only 10 per cent.

The two charts on nonfarm loans are quite striking in some of their implications. It is surprising that in spite of the almost complete cessation in building, in 1944 mortgage lending practically equalled 1941 and exceeded all of the other years on the chart. Generally, new building is a large source of new mortgage loans.

Still more striking, however, is the fact that loans made by banks and life insurance companies have declined on a percentage basis, until today banks are accounting for only 19 per cent of nonfarm mortgage lending and life insurance companies for less than 5 per cent. This is in spite of the FHA, which theoretically should increase institutional lending, as individuals cannot own insured mortgages.

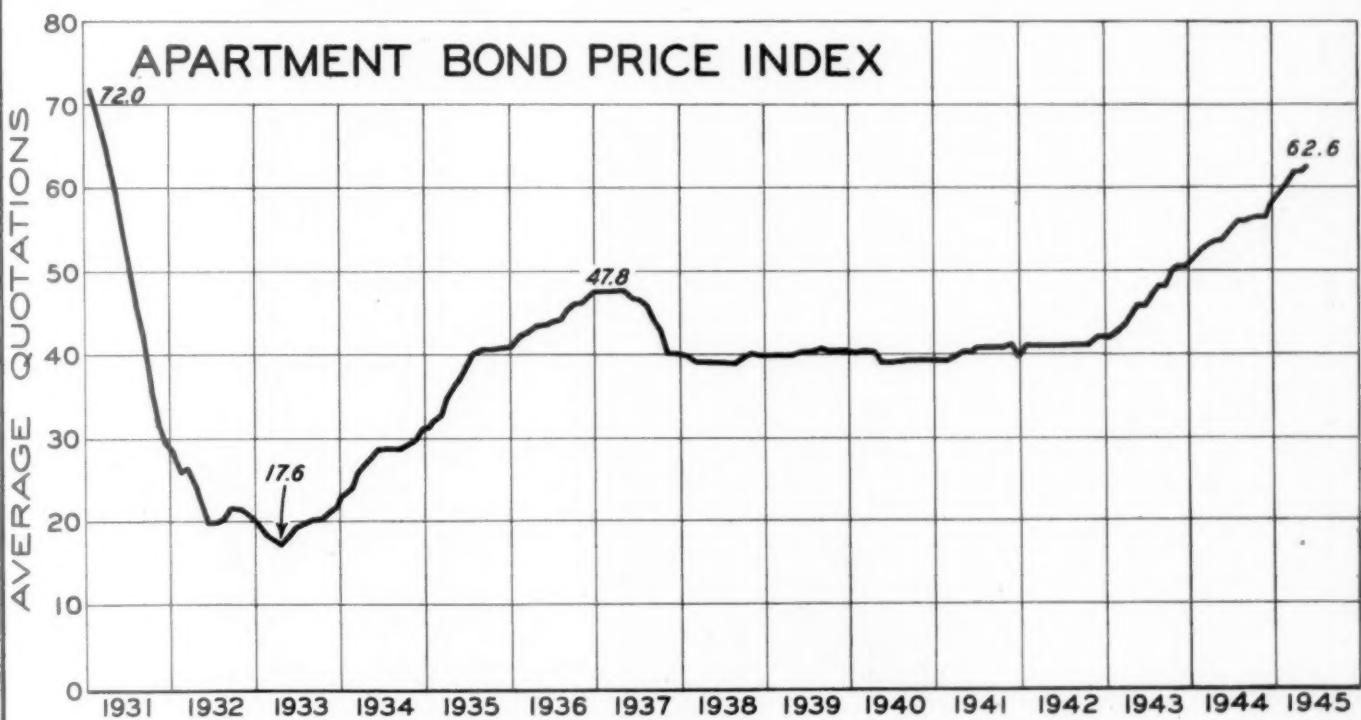
The only classification which has shown a radical increase, however, in mortgage lending is mortgage loans made by individuals. This classification has increased from about 15 per cent in the summer of 1940 to approximately 28 per cent in February of this year. This increase is probably due to the fact that investment opportunities available to individuals which combine safety with an adequate interest return have not been procurable outside of the mortgage field.

The percentage of all loans made by savings and loan associations has shown practically no change over the period covered by the entire chart. Apparently in spite of the competition of the FHA the savings and loan associations of the United States have succeeded in holding their own in a period when banks and life insurance companies were getting a smaller percentage of the available business.

(cont., from page 137)

beginning of the war Harry Emerson Fosdick, the minister of the Riverside Church in New York City, preached one Sunday on the subject that there is always great danger of becoming what we fight against. As pointed out so strikingly by Friedrich Hayek in The Road to Serfdom, both Germany and Italy started toward totalitarianism by attempting to institute a planned economy. Each failure of a plan to work was made the excuse for additional government supervision until the field of private enterprise had been so severely restricted that results could be secured only by Gestapo supervision.

Since 1933 we have been following a similar road. The checks and balances of our Constitution have been at least partially destroyed. It is historically true that these checks and balances were placed in our Constitution as a reaction from the attempted planned economies of Europe, which preceded the American Revolution. It was Adam Smith who wrote Inquiry Into the Causes of the Wealth of Nations in 1776, which helped to crystallize the free enterprise system. Hayek's book, characterized by The Reader's Digest as one of the significant books of this generation, may help to crystallize again the opposition to a trend which has brought about the downfall of the Axis. If you haven't read The Road to Serfdom, be sure to do so.



REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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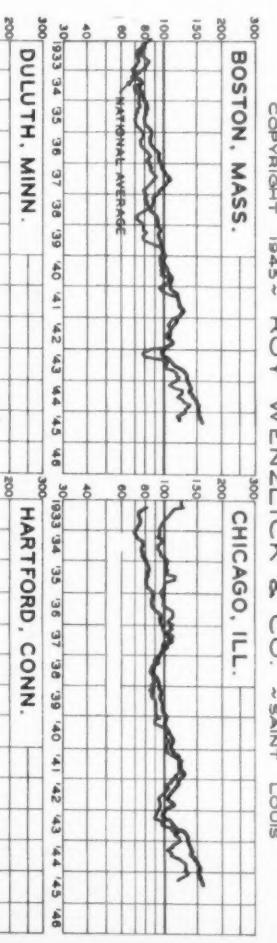
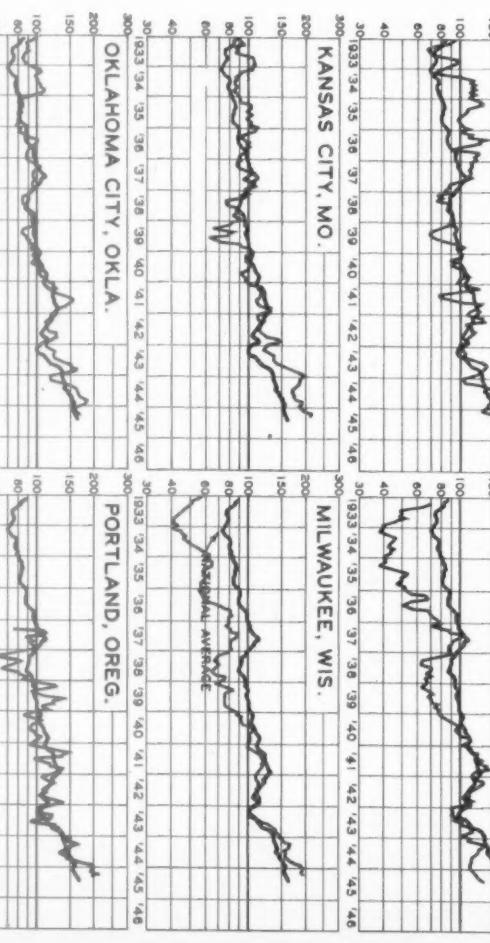
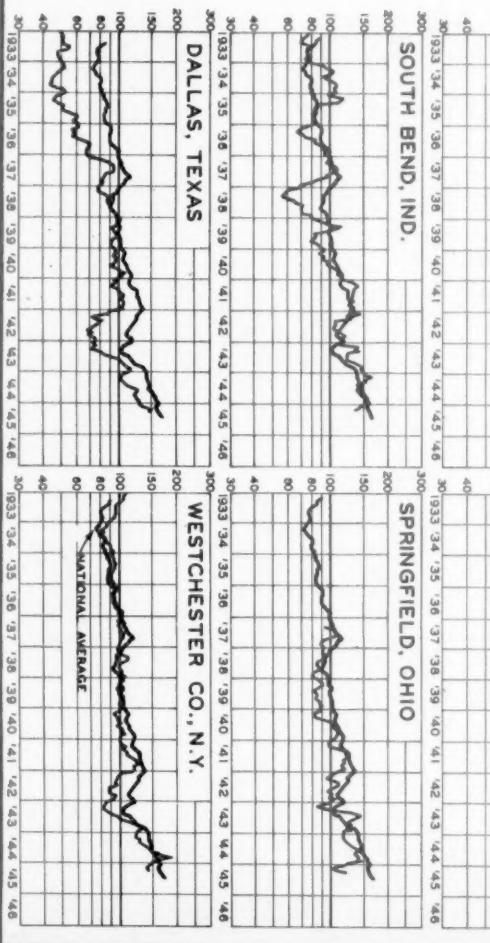
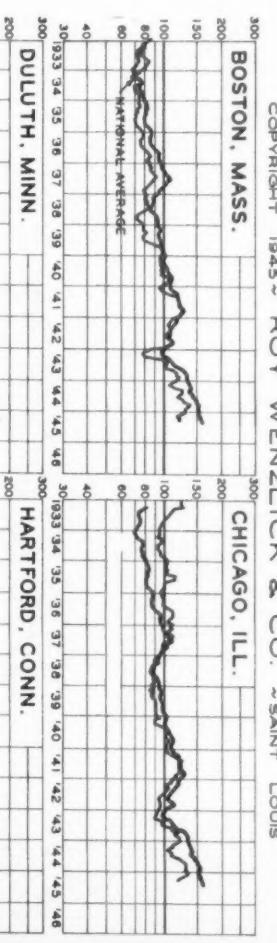
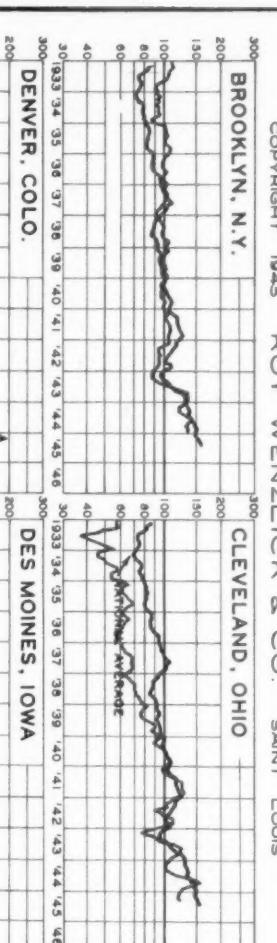
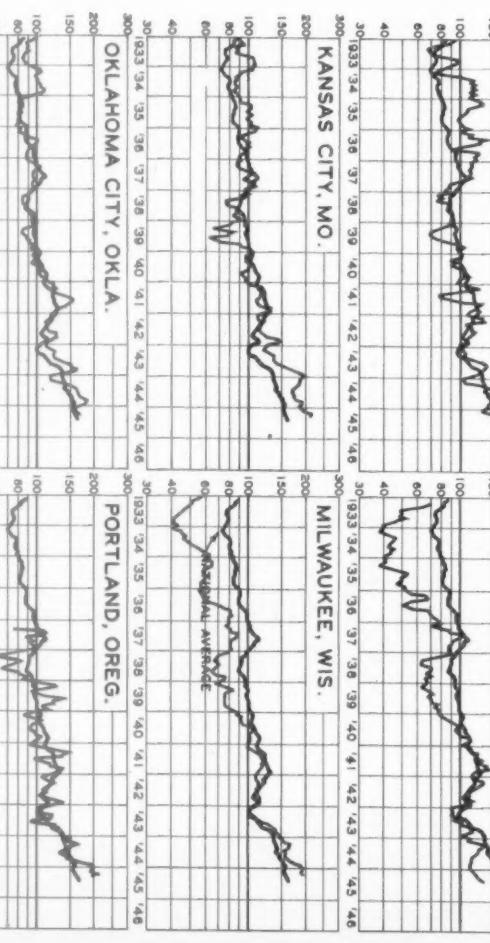
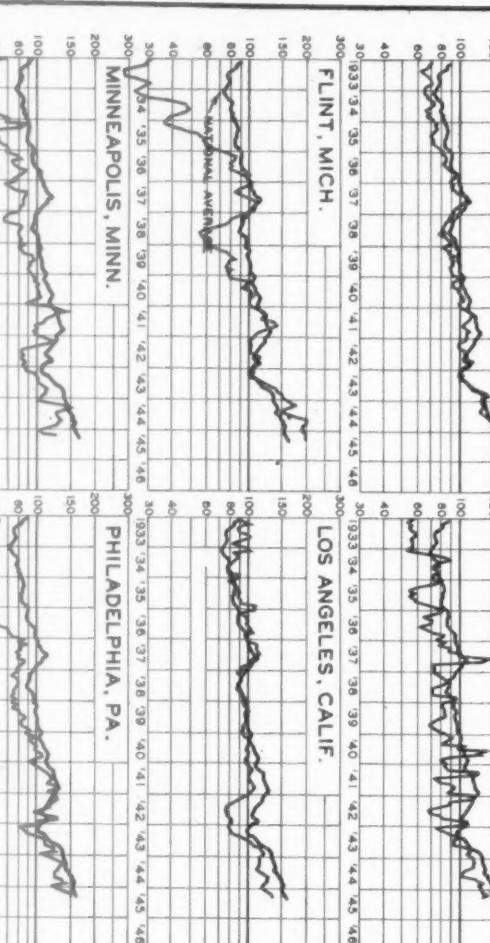
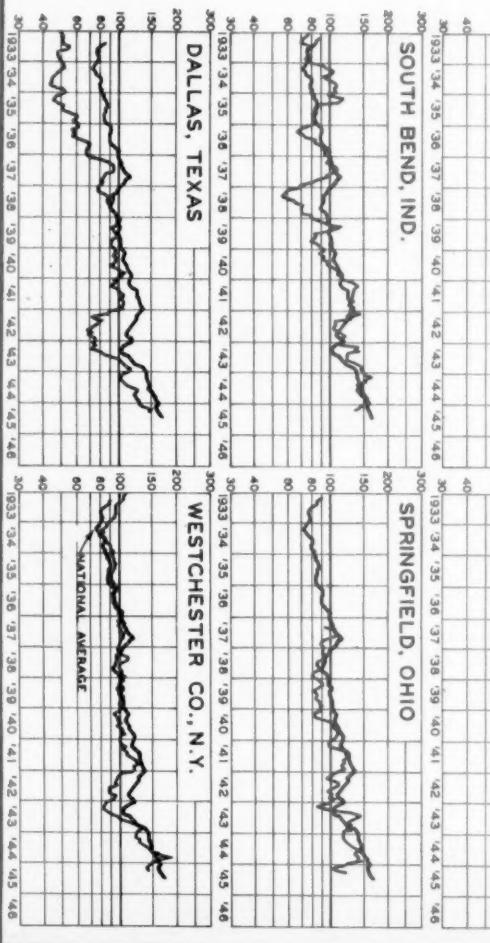
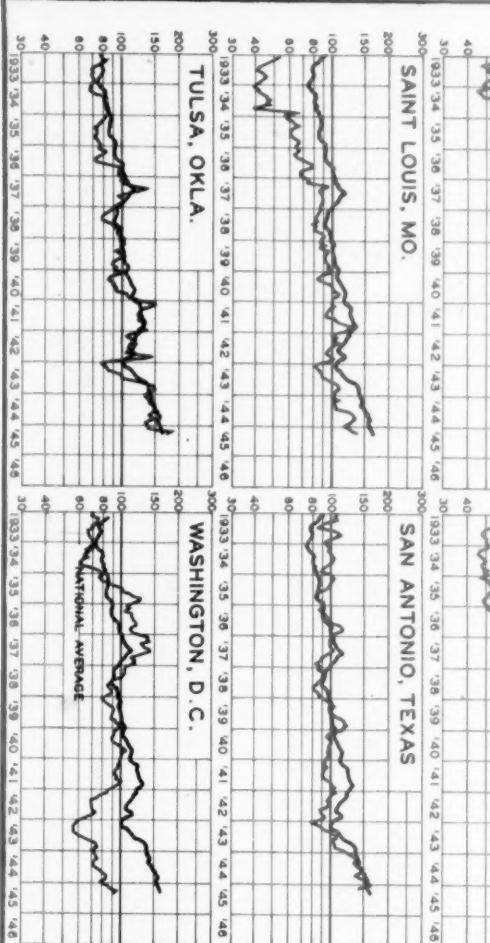
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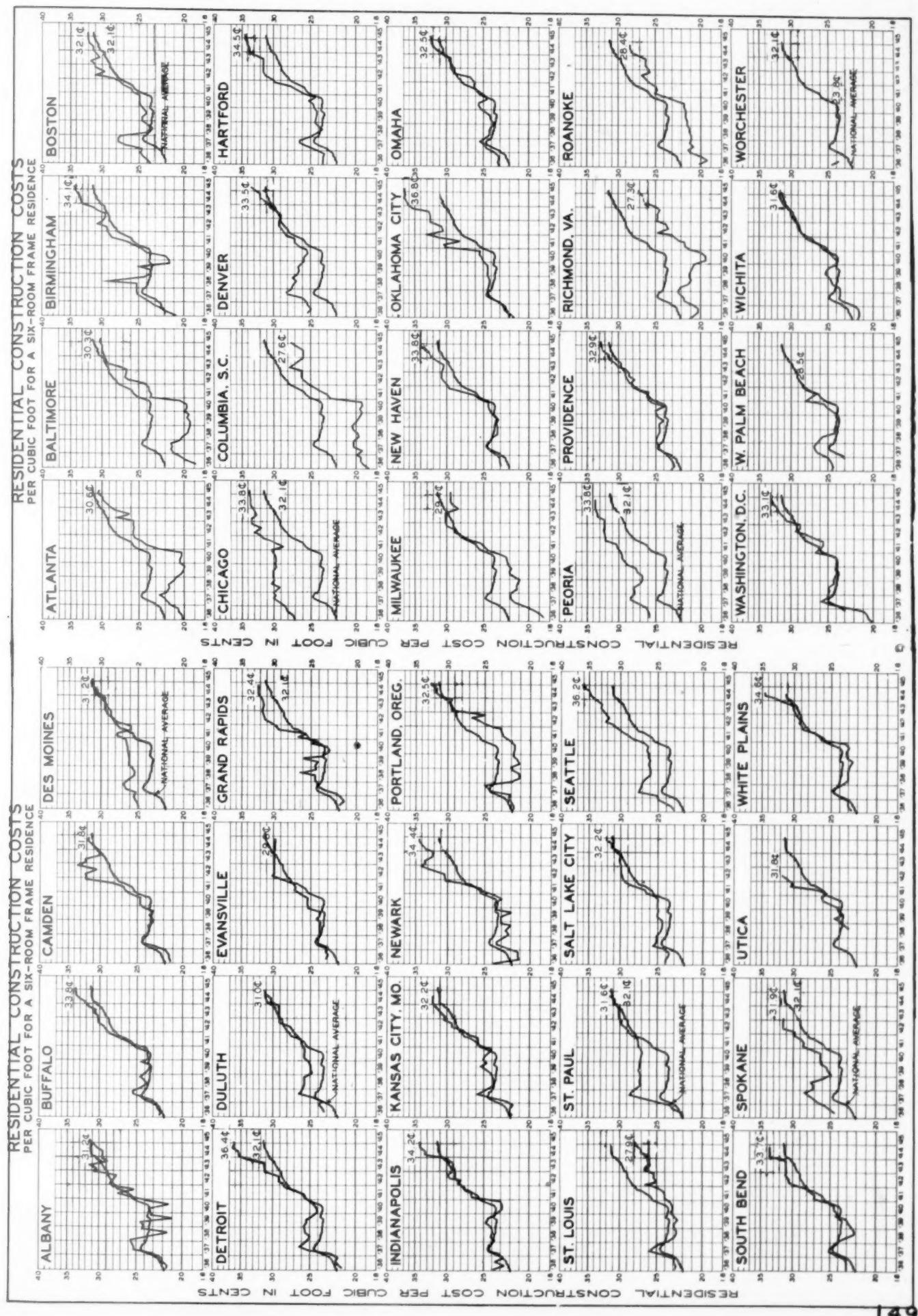
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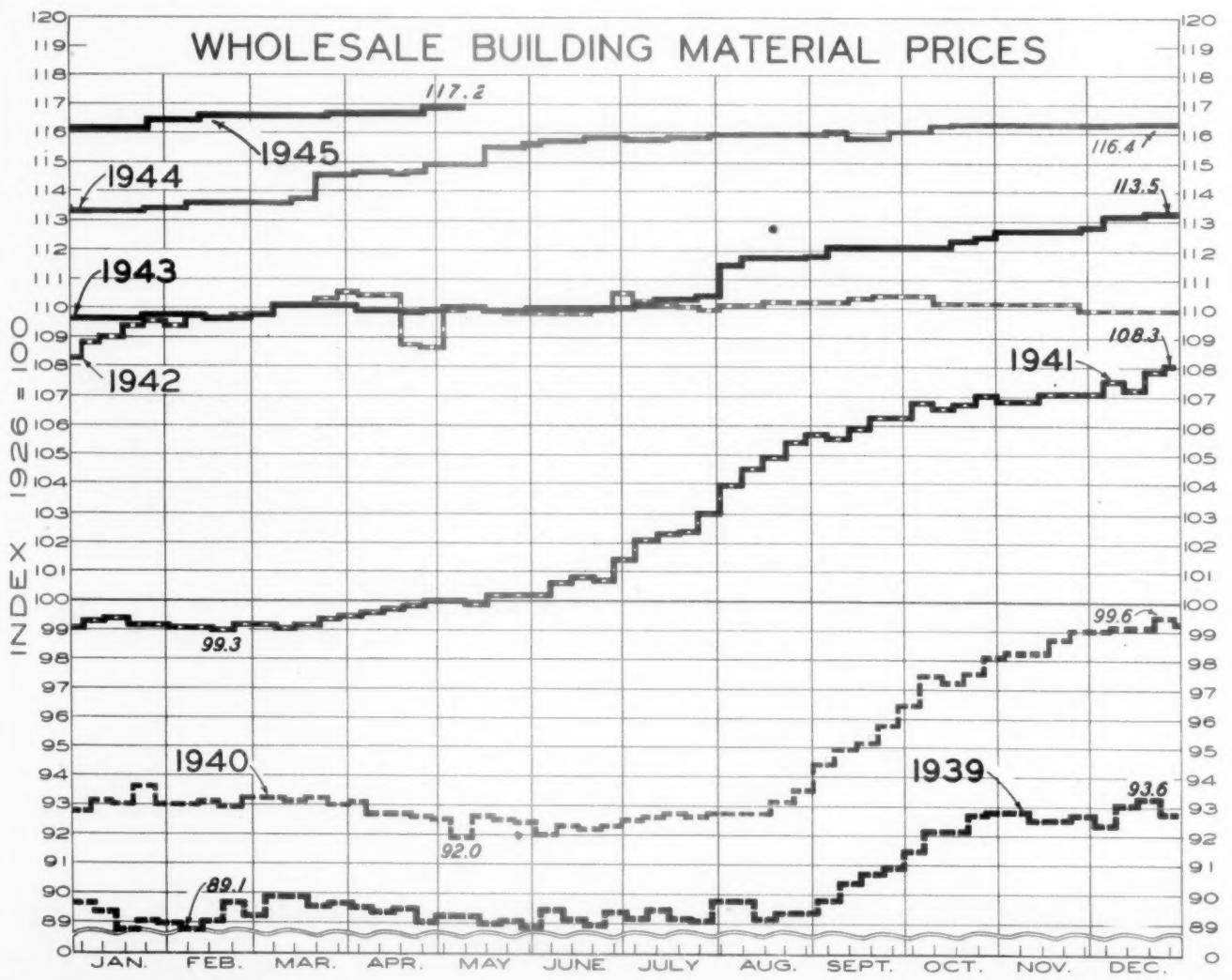


DWELLING UNITS CONSTRUCTED IN 48 STATES

THE number of new family accommodations built in all nonfarm communities of the 48 States and the District of Columbia is shown in the table below. Cumulative totals and twelve month moving totals are shown in blue for 1942 and 1944 and in red for 1943 and 1945.

THOUSANDS OF UNITS

	MONTHLY				CUMULATIVE				12 MONTH MOVING TOTAL			
	1942	1943	1944	1945	1942	1943	1944	1945	1942	1943	1944	1945
JANUARY	34.5	450	17.3	7.4	34.5	450	17.3	7.4	708.5	507.1	322.3	159.1
FEBRUARY	51.3	40.1	13.5	7.7	85.8	85.1	30.8	15.1	716.1	495.9	295.7	153.3
MARCH	52.7	33.0	18.1	13.9	138.5	118.1	48.9	29.0	708.6	476.2	280.8	149.1
APRIL	59.7	26.7	14.3	15.8	198.2	144.8	63.2	44.8	693.1	443.2	268.4	150.6
MAY	60.6	33.6	16.5		258.8	178.4	79.7		683.0	416.2	251.3	
JUNE	46.3	21.8	17.5		305.1	200.2	97.2		652.1	391.7	247.0	
JULY	26.7	24.2	14.5		331.8	224.4	111.7		604.2	389.2	237.3	
AUGUST	27.5	27.6	12.8		359.3	252.0	124.5		561.9	389.3	222.5	
SEPTEMBER	40.4	24.3	11.3		399.7	276.3	135.8		535.3	373.2	209.5	
OCTOBER	32.2	28.1	10.8		431.9	304.4	146.6		511.3	369.1	192.2	
NOVEMBER	30.4	26.1	11.6		462.3	330.5	158.2		495.1	364.8	177.7	
DECEMBER	34.3	19.5	10.8		496.6	350.0	169.0		496.6	350.0	169.0	





EXECUTIVE DIGEST

OF THE CURRENT REAL ESTATE ANALYST REPORTS

MAY
1945

ROY WENZLICK & CO.

Real Estate Economists, Appraisers and Counselors

VOLUME XIV

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Roy Wenzlick, Ph.D.
Editor

REAL ESTATE ACTIVITY

The number of sales of real estate in nonfarm areas of the United States is still increasing.

The preliminary figure for April shows real estate activity 53 per cent above the long-term computed normal. Without correction for the change in the number of families and for the long-term trend of voluntary transfers, urban real estate was changing hands in April 24 per cent faster than it did at the top of the last boom in 1925 and better than one-third faster than it did in 1926.

The May figures, which will be available in June, will give us the first indication as to whether the end of the war in Europe will halt the rapid rise which has been taking place. Undoubtedly in some communities sufficient cutbacks will now take place in government orders to dampen the enthusiasm of some prospective home owners.

FARM ACTIVITY

Farms are still increasing in value and may continue upward during the balance of 1945 and part of 1946. So long as we continue with a food

shortage due either to an inadequate domestic supply or to the drain of supplying food to conquered or Allied countries, farm values will not drop.

The time to buy a farm, however, has probably passed, as a farm cannot be purchased for a short term profit and if held longer than two years, it is our opinion that the peak of the demand will be gone and that farm values in relationship to other prices will be falling.

REAL ESTATE MORTGAGES

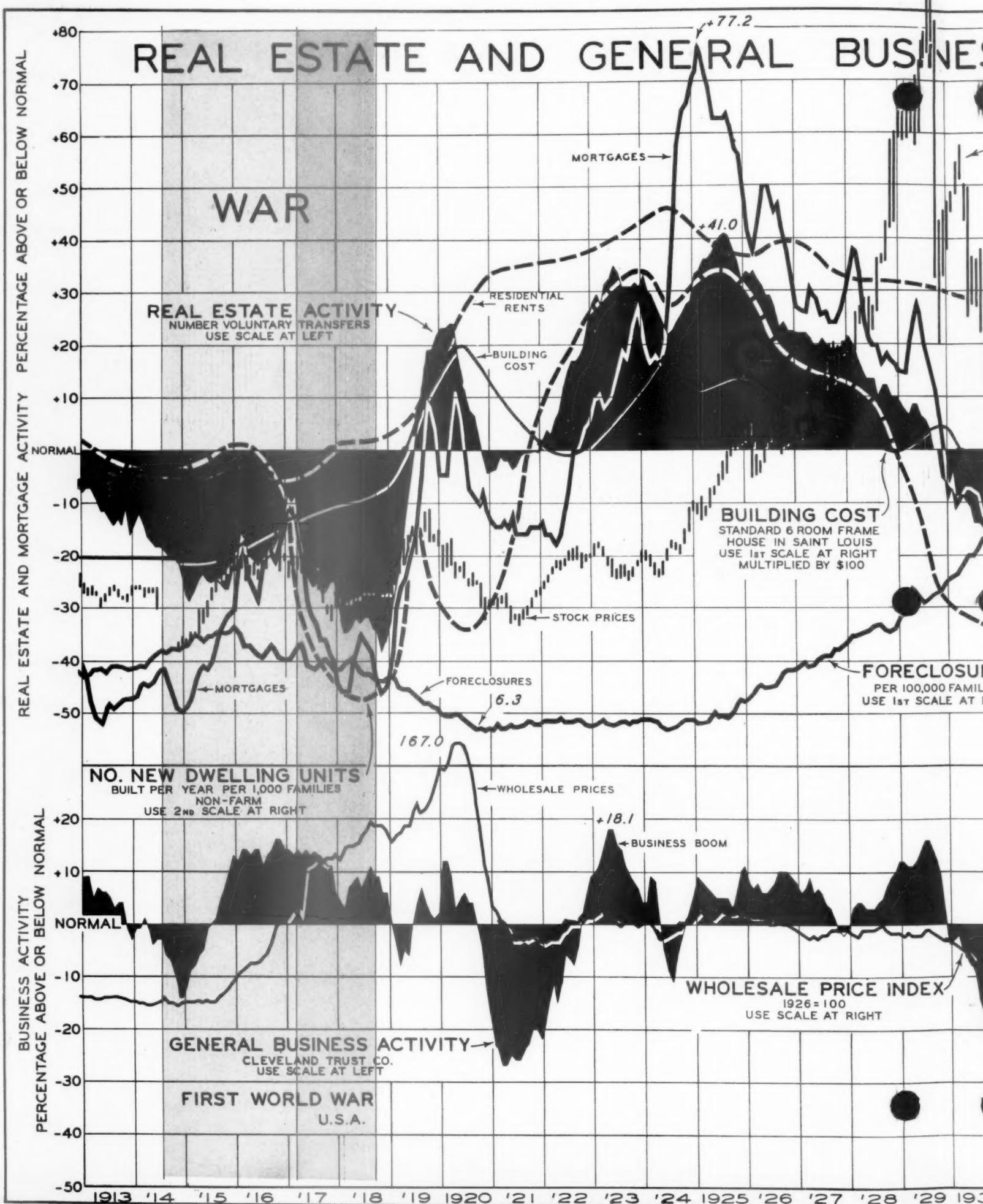
Real estate mortgage activity is increasing, and in April reached the highest point it has reached in April in the past fourteen years. Mortgage

volume at the present time is due largely to refinancing of existing properties, as new building is almost nonexistent. In ordinary times new building forms one of the large outlets for new mortgages; however, even at the peak of building booms in the past more mortgage volume in the residential field was accounted for by mortgages on existing buildings than on the new buildings being built.

RESIDENTIAL BUILDING

The number of new dwelling units built in all non-farm areas of the United States, after dropping continuously for many months, stabilized in April

at the same level reached in March. Building volume will increase very slowly during 1945, primarily because of the shortages of lumber.



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